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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Salt Lake City, Utah 84180-1203
801-538-5340

April 14, 1992

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director *LPS*

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Anthony A. Gallegos, Reclamation Engineer *aa*

RE: Request for Board Approval, Amount and Form of Replacement Reclamation Surety, HOLNAM INC, Poverty Point Limestone Quarry, M/045/012, Tooele County and Devils Slide Quarry, M/029/001, Morgan County, Utah

HOLNAM INC has presented the Division with replacement sureties and revised Reclamation Contracts for the two mining operations mentioned above. The forms of surety for these operations were presented to the Board in July, 1990 when HOLNAM INC acquired the properties from Ideal Basic Industries through a corporate merger. At that time, the Devils Slide operation was bonded for 79 acres of disturbance and the Poverty Point operation was bonded for 17.3 acres of disturbance.

The sureties are presented before the Board at this time to reflect a change in the surety company and an increase in the bond amounts. The new surety company (St. Paul Fire and Marine Insurance Company) is included in the Federal Registry listing of acceptable surety companies. The surety amounts were increased to reflect the Division's five year review/update of all reclamation sureties. The new HOLNAM INC sureties are escalated to 1997 dollars.

Please find the following attachments for each mine for your evaluation: 1) Summary Checklists, 2) Executive Summaries, 3) Location Maps, 4) Reclamation Estimate, 5) signed Reclamation Contract, 6) Reclamation Surety and 7) signed Power of Attorney.

jb
Enclosures
M029001

DOGM MINERALS PROGRAM

Checklist for Board Approval
of
FORM AND AMOUNT OF SURETY

Prepared April 7, 1992

Mine Name Devil's Slide Quarry
File No. M/029/001

Items	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract	X		
Bond/Reclamation Surety	X		
Signed Power of Attorney/ Affidavit of Qualification	X		
Surety Sign Off (Other State/Federal Agencies)		X	N/A - Private ownership

Prepared April 7, 1992

Mine Name: Devil's Slide Quarry

Operator: HOLNAM INC

P. O. Box 122

Dundee, Michigan 48131

Telephone: (313) 529-2411

Contact Person: L. B. Giles (801) 829-6821

I.D. No: M/029/001

County: Morgan

New/Existing: Existing

Mineral Ownership: Private

Surface Ownership: Private

Lease No.(s): N/A

Permit Term: 5 years (surety)

Life of Mine: 50 years

Legal Description: Township 4 North, Range 3 East, Section 24 (see complete details in Reclamation Contract

Mineral(s) to be Mined: Limestone and Sandstone

Mining Methods: Surface Mine

Acres to be Disturbed: 239 (1991 current and bonded disturbance is 79 acres)

Present Land Use: Wildlife and Mining

Postmining Land Use: Wildlife

Variances from Reclamation Standards (Rule R613) Granted: R647-4-13 (seeding pit benches)

Soils and Geology :

Soil Description: Mountain loams - well drained

pH: 8.0 - 8.5

Special Handling Problems: Parts of area are very steep

Geology Description: Limestone - sandstone outcrop

Hydrology:

Ground Water Description: No groundwater has been encountered

Surface Water Description: The existing ephemeral channels handle the runoff satisfactorily

Water Monitoring Plan: There is an existing EPA Discharge Permit #000159

Ecology:

Vegetation Type(s); Dominant Species: Dominant Species: Bluebunch wheatgrass, Bitterbrush, Muttongrass

Percent Surrounding Vegetative Cover: 40% - except for rock outcrops

Wildlife Concerns: None - Deer winter range

Surface Facilities: Garage and powder house will be removed

Mining and Reclamation Plan Summary:

During Operations:

There are 239 acres of land being disturbed and used for mining of limestone and sandstone in this operation. The primary product produces is cement. The mined area is very steep.

After Operations:

All disturbed areas except the solid rock outcrops will be shaped and reseeded. The soils are good in this area, and there is over fifteen inches of precipitation, so revegetation will not be difficult.

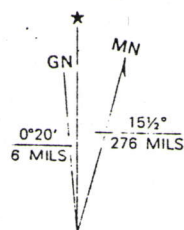
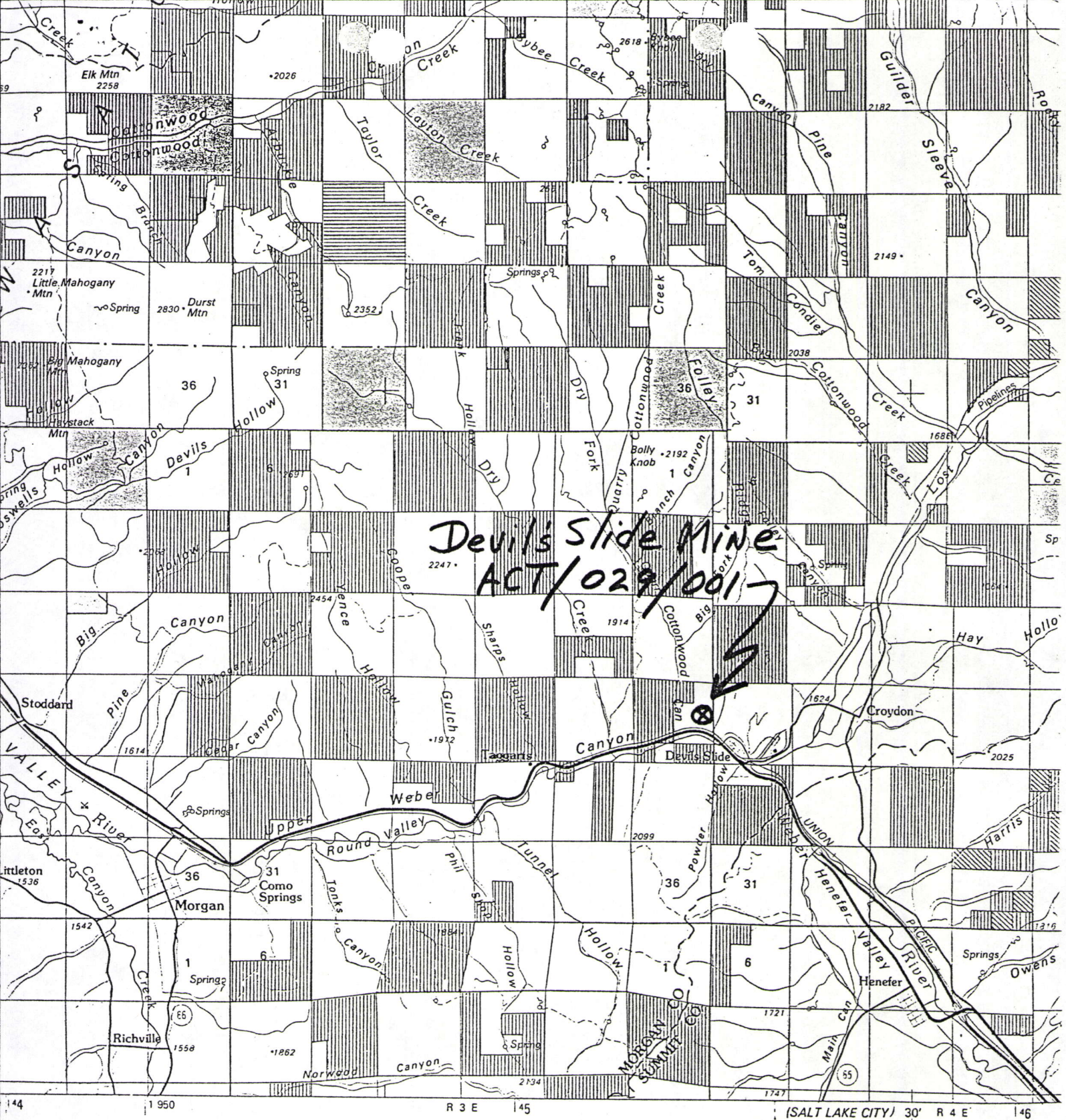
Equipment, buildings and debris will be removed from the site.

Surety:

Amount: \$147,800

Form: Surety Bond

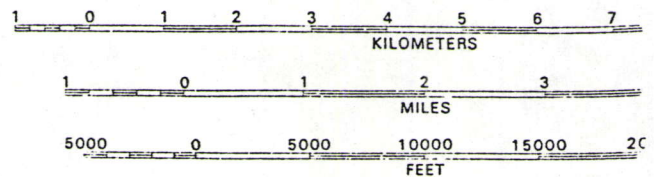
Renewable Term: 5 years (1997 dollars)



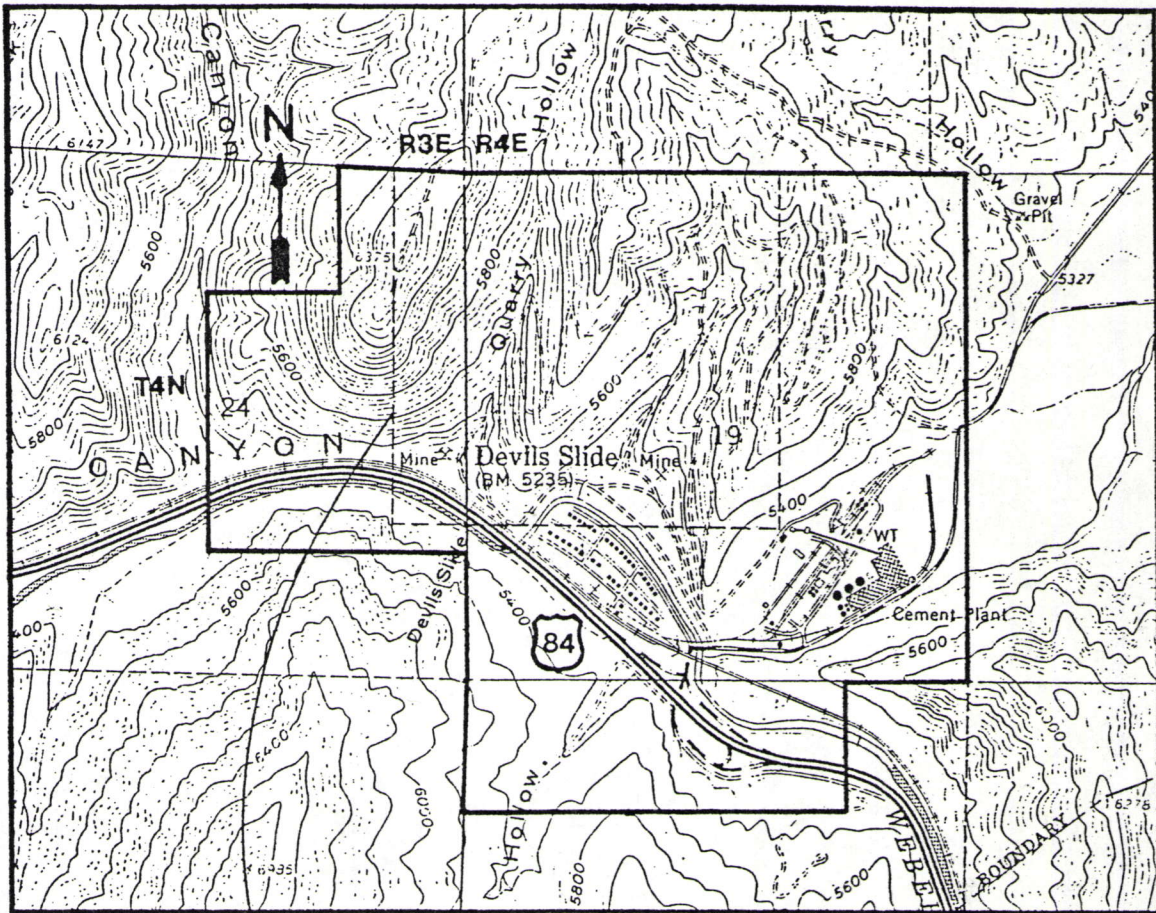
UTM GRID AND 1978 MAGNETIC NORTH DECLINATION AT CENTER OF MAP

OGDEN 1:100,000 MAP

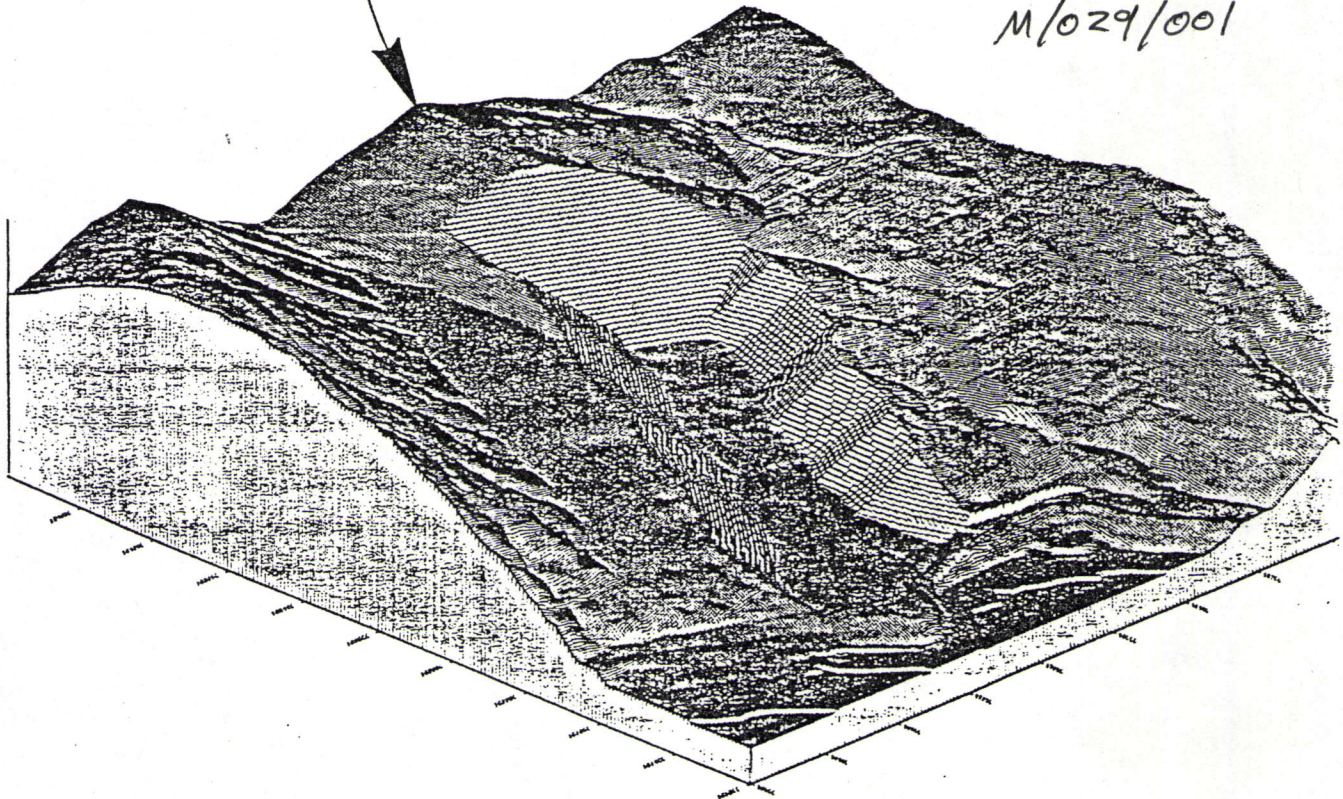
SCALE 1:100 000



ELEVATIONS SHOWN IN METERS
NATIONAL GEODETIC VERTICAL DATUM OF 1929



M/029/001



SECTION OF USGS DEVIL'S SLIDE QUADRANGLE SHOWING PROPERTY BOUNDARY
AND COMPUTER MODEL OF QUARRY AREA

SURETY ESTIMATE UPDATE

Holnam Incorporated/Dundee Cement Company

Devils Slide Quarry

M/029/001

Morgan County

Prepared by Utah Division of Oil, Gas & Mining

Last Update November 27, 1991

DESCRIPTION:

- Original reclamation surety was estimated in 1987 as \$141,000 (1992-\$)
- Disturbed area in original estimate was 78.7 acres
- Final approval of transfer & amount & form of surety granted 10-25-90
- The unreclaimed disturbance in the 1990 annual report = 79 acres
- Adjusting original estimate for new acreage gives \$128,000 (1987-\$)
- This matter will not go before the board until 1992 => escalate to 1997-\$
- Escalation factors through 1990 are actual Means Historical Cost Indices

CALCULATIONS	<u>YR</u>	<u>ESCAL FACTOR</u>	<u>BOND AMOUNT</u>
$F = P(1 + i)^{**n}$	1986	0.0210	0
	1987	0.0195	128,000
F = Future Sum	1988	0.0181	130,317
P = Present Sum	1989	0.0177	132,623
i = Escalation Factor	1990	0.0077	133,645
n = number of periods	1991	0.0145	135,582
	1992	0.0145	137,548
Three Yr Average = 1.45%	1993	0.0145	139,543
Used to Project 5 Yrs	1994	0.0145	141,566
Into the Future	1995	0.0145	143,619
From the Year 1992	1996	0.0145	145,701
	1997	0.0145	147,814
Updated Surety Amount (1997-\$)			\$147,814
UPDATED SURETY AMOUNT ROUNDED (1997 DOLLARS)			\$147,800
Average cost per acre =	\$1,871	[79 ACRES]	



NOTICE OF BOND
CANCELLATION

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

CC: HOLNAM INC
JOHNSON & HIGGINS MICH INC 62-0663

(OBLIGEE'S NAME/ADDRESS)

TO: UTAH DEPT. OF NATURAL RESOURCES
355 W NORTH TEMPLE, 3 TRIAD CENTER STE 350
SALT LAKE CITY UT 84180

RECEIVED

MAR 16 1992

DIVISION OF
OIL GAS & MINING

You are hereby notified that

SAFECO INSURANCE COMPANY OF AMERICA

Surety upon

Type of Bond: OIL & GAS BOND

Bond No. 1

dated effective 10/21/1987

(MONTH, DAY, YEAR)

on behalf of (PRINCIPAL'S NAME/ADDRESS)
HOLNAM INC

X
X

CO 00000

desires to cancel and does hereby cancel said bond in accordance with the cancellation provisions contained therein or in applicable laws or regulations. This notice is

mailed to you on 3/11/1992

(MONTH, DAY, YEAR)

and is effective 3/23/1992 REPLACED BY ST. PAUL BOND #

SAFECO INSURANCE COMPANY OF AMERICA

By:

Elizabeth Nick

(ATTORNEY-IN-FACT)

Cancellation Acknowledged: (PLEASE SIGN AND RETURN THE DUPLICATE OF THIS NOTICE)

By:

Dated:

April 22, 1992
(MONTH, DAY, YEAR)



CANCEL REASON: PER AGENCY REQUEST - REPLACED BY ST PAUL BOND #400JB2681